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**OBSERVATIONS**

ON THE

**PRESENT FINANCIAL**

**EMBARRASMENTS.**

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## OBSERVATIONS, &c.

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OF all the subjects of public discussion, which at present engage the attention of the country, none can be considered of more immediate and vital interest than that of Taxation. Whether we regard the distressed condition of our labourers at home, or look to the disturbed state of affairs abroad, the importance of closely and earnestly considering what may be the wisest course to take, in order to improve our finances, must be equally apparent. For although it may be true, that no very great remission of taxes is practicable, it is worthy of our best consideration, whether, by a different system of taxation, we might not materially lighten the pressure on the sources and springs of national industry, and thus, at once, afford employment to our poor, and augment our available resources.

A late eminent statesman\*, whose untimely

\* Mr. Huskisson.

death was one of the greatest calamities that could have befallen this country, is well known to have been of opinion, that the present financial system required much revision. Much as his loss would have been to be lamented at any time, at none could it have been more felt than in our present embarrassed situation, when talents such as his can be ill spared to the country.

I shall assume, as the basis of the following remarks, that that mode of taxation must be most advisable, which presses with least severity on the sources of industry. And it is because Government have not sufficiently adverted to this principle, that a great remission of taxes, which has been made since the war, has been attended with so little public benefit. At one time popular clamour was for the repeal of the property tax; at another it has been for the repeal of the assessed taxes. But, severe as the property tax or the assessed taxes may fall on individuals, I question much, whether the total repeal, to-morrow, of the assessed taxes would be productive of any benefit, whilst I strongly suspect, it would occasion considerable evil to the country. The fallacy of the argument in favour of any such repeal appears to me to consist in the expectation that, if individuals paid less to the tax-gatherer, they would expend a larger sum in the purchase of articles,—that thus the demand for commodities would be increased, and, consequently, the de-

mand for labour. Before replying to this, allow me to remark, that, in considering the state of the finances of the kingdom, we must look to *general* not to *individual* interests; that the question is not whether the remission of particular taxes might be beneficial to individuals, but what species of remission would conduce most to the general welfare of the community. I grant, then, that the remission of the assessed taxes might be productive of great individual benefit; I allow that it would be beneficial to individuals, that they should have so much more income at their own free disposal; and I am ready further to allow, that the expenditure of this income would, in particular instances, create a great extra demand for labour and commodities. But this is not the *whole* question.—*Would the demand for commodities and labour, looking to the community at large, be increased?* This is the *pivot* of the argument, A. might have so much more money to spend, and that expenditure might benefit so many men; but what use would that be to the community, if at the same time B. received so much less, and by stopping his expenditure threw a proportionate number of men out of employ. The *nation* would not be benefited; A. would gain; the tradesmen *he employed*; the workmen *they employed*, would all derive advantage from this measure; but meanwhile what would become of the tradesmen and workmen B. had

been in the habit of employing? To apply this more immediately to the case of the repeal of assessed taxes; the individuals who now pay them would derive benefit; the tradesmen and labourers they give employment to, in consequence of their having more disposable income, would reap advantage, but precisely to the extent of this advantage would be the diminution of income expended by the Government. Take the instance of a palace; suppose, for argument's sake, that so much of the assessed taxes was to be appropriated to the specific object of building this palace; suppose, again, the workmen stopped, and this amount of taxes taken off. What would be the consequence of this? Individuals might employ so many more builders, about their private houses; but to the same extent that there was an increased demand for labour on the part of individuals, would there be a diminished one on the part of Government.

Suppose, again, these taxes went to pay so many clerks or secretaries in public offices; what would happen then, if you remitted these taxes? Why, A. would keep an extra horse—buy, perhaps, an additional coat—regale his friends at a greater expense—and be a much smarter and merrier fellow than he was before. But his unfortunate neighbour B., having lost “the sweets of office,” must curtail his establishment, and live upon humbler fare; part with servants, and reduce his expenditure.

Now, to a simple man like myself, it appears that the whole effect of this would be, to put money into A.'s pocket instead of into B.'s ; but how the people of England—how the nation at large would gain by it, I am quite unable to comprehend. If, then, it is the duty of Government to look to the general interests of the empire, I do trust that they will boldly meet, and firmly resist all proposals for the remission of assessed taxes ; which would *not* be productive of benefit to the nation at large ; which would *not* in the least degree improve the condition of the labouring classes : but which *would*, in a material degree, prove detrimental to the state, and injurious to the poor, by taking it out of the power of Ministers to propose the repeal of other taxes, which at present press heavily on productive industry. It may be an unpopular act to oppose the repeal of assessed taxes. It may be unpalatable to individuals to refrain to lighten their shoulders of a heavy burden ; but the Government ought to know nothing of individual interests ; it ought to know of no interest but that of Great Britain. Let Ministers look to this ; let them not consider how they are to gain the support of this or that party, by the repeal of particular taxes ; but let them manfully determine to sacrifice, if need be, popularity at the shrine of duty ; and in repealing taxes to give the preference to whatever system appears most likely to conduce to the welfare of the kingdom.

But let me not be misunderstood :—I am aware that an opposition to the repeal of the assessed taxes is unpopular; I am aware that, from the *direct* manner in which they operate, no taxes are more frequently objected to; but I am not prepared to allow, that their repeal would be more beneficial even to the parties who pay them, than the remission of others which do not *apparently* press so heavily upon them. I would submit, to those who are so violently opposed to these taxes, whether they are quite sure they are consulting their own interest? I put it to them, whether it is not very probable, that, by the repeal of the taxes that press on the sources of industry, which repeal would *lessen the cost of production*, they would not be great gainers?

By the assessed taxes, I grant, so much money is taken out of the pockets of those who pay them; but what does that signify, if, by the diminution of the price of commodities, the remainder of their income is rendered of more value?

There is rather an *apparent* than a *real* difference; because it is quite plain, that if the price of commodities be lowered, and a less amount of income will go to a greater extent, those who pay assessed taxes will derive benefit from this arrangement.

Having thus attempted to show why it is not advisable to remit the assessed taxes, I now proceed to the more agreeable task of considering

what taxes it might be expedient to repeal. Precisely, then, for the same reason that I consider the repeal of the assessed taxes would do no good, because it would merely *transfer* wealth from one portion of the nation to the other, and not *increase the aggregate amount* of the national wealth, do I consider that the repeal of taxes on raw materials would prove highly beneficial, because its effects would be general in their operation ; and because it would *directly tend to increase the wealth of the community at large*. How such effects would be produced, let us now proceed to inquire.

First, then, I maintain, that, by taxing raw materials, you directly lessen the capital of the country. Sir H. Parnell remarks, in his late able work on Finance :—" As the power of the manufacturing capital of a country, to purchase raw materials, is in proportion to their cheapness, and as the extent of manufactures is in proportion to the quantity of materials that are purchased, every particle of duty laid on them lessens the amount of industry, and of annual productions. It consequently lessens the means of adding to the national capital, because these means consist of the surplus of the annual productions of the country." In proportion, then to the extent of taxation on raw materials, is the capital of the country diminished.

But there is another view of the case, to which

I beg leave to direct particular attention at the present moment: the great, the crying evil of the country is the surplus of population beyond the means of profitable employment. This is the dreadful evil that now preys on the vitals of the state, and which, unless promptly and vigorously arrested in its course, must prove, at no distant day, fatal to the welfare of the state. For this surplus population there are but two remedies: you must either enable the poor to emigrate to other countries, or you must find for them employment at home. The former measure, that of emigration, is now likely to be brought forward in a more practicable shape, and under better auspices than it hitherto has been. But this alone will not avail, unless employment is also found at home for the great proportion of those who may not be inclined to emigrate. Whatever measure, therefore, tends to give employment to the poor, is entitled to the support of every well-wisher to the state.

Now we hear much of the evils of taxation; we hear great complaints of the injustice of various taxes; but there is one tax, which is more unjust, more oppressive, and more objectionable than all the others put together, and that is—*the tax on labour!*

Is it conceivable that, at the very moment when we are complaining of not being able to find em-

ployment for the poor; when the press teems with nostrums for this purpose; and every one admits the necessity of finding such employment, that there should be continued a tax upon labour to the amount of no less than six millions per annum! For that a tax on raw materials is, to all intents and purposes, a tax on labour, no one will, I presume, venture to question. Remit this tax, then, at the same time that, by the able plans of the noble secretaries for the colonies\*, you facilitate settlements in the colonies; remove the *pressure on labour* at home, by repealing the six millions of taxes that are the *real weight on the industry of the country*; and I look forward with sanguine and confident hope to see the energies of the country revived.

It is not, indeed, to be expected that so large a sum as six millions, raised in this way, should be at once remitted; but a portion may be, and could not fail to produce real and substantial good.

What advantages, for instance, would result from taking off the duty on hemp, which is at present subject to a duty of 4*l.* 13*s.* 4*d.* per ton! Remit this duty, and you confer an immediate

\* Lords Goderich and Howick, whose plans for facilitating settlements in the colonies seem likely to be equally advantageous to the mother country and the colonies.

benefit on all labourers concerned in ship-building, the making of sails, cordage, and linen; you increase the demand for labour in all these trades; you increase the accumulation of capital; and by diminishing the expense of ship-building, you strengthen the right arm of England's greatness—her maritime power!

The duty on soap presses severely on the lower orders; it is injurious to cleanliness and health, and also tends to diminish the demand for labour, and the profits of capital.

Too much credit cannot be given to ministers, for having proposed the repeal of the duties on sea-borne coal, and candles. The duty on coal operated injuriously in many ways, but in none more than in its being a drawback on the establishment of manufactures in the South of England, and, consequently, obstructing the free employment of labour.

Taxes on raw materials are, in every point of view, the most objectionable. They lessen the capital of the country—obstruct the employment of labour—are injurious to our mercantile interests, and their tendency is to enable foreigners to undersell us. All taxes on raw materials, and those on the early stages of production, must be considered injudicious, nor are there any which could with greater advantage be repealed. I would submit to the ministers and the country the expediency of

repealing the following taxes, according to Sir H. Parnell's estimate :—

	£.	
Duty on Ashes, Barilla . . .	85,000	per annum.
Ditto on Glass . . . . .	613,000	„
Ditto on Paper . . . . .	650,000	„
Ditto on Hemp . . . . .	104,000	„
Ditto on Thrown Silk . . . .	112,000	„
Ditto on Coals . . . . .	838,000	„
Two-thirds of duty on Soap . .	650,000	„
	<hr/>	
	£.3,052,000	„
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The duty on barilla has been already taken off, as well as that on coals. But let not Ministers stop there ; let them with unflinching hand take off the rest of the above-mentioned duties, and the most important advantages will be the result. Look to the number of hands thrown out of employ by the duty on paper. Not merely does it affect the paper-makers, but the type-founders, the ink-makers, the printers, the engravers, the book-sellers, the bookbinders, stationers, paper-stainers, makers of machinery, and many other trades \*. So widely ramified are the evils that result from these taxes, obstructing the labour and lessening the capital not of *one* but *many* trades.

Who then can doubt that the repeal of these duties would be in the highest degree advan-

\* Parnell on Finance.

tageous? The advantage would be *direct, positive*, and general. So many more thousands of capital would be brought into circulation; so many thousand workmen would be required; and as individuals engaged in trade increased their capital, the aggregate wealth of the nation would be augmented. By the repeal of the assessed taxes, I have shown that no increase of the wealth of the nation would ensue—no increase of the demand for labour. But by the remission of these duties on raw materials and manufactures, you remove the dam that now obstructs the free flow of national enterprise and industry. By this remission you increase the wealth of the country—you give employment to the poor—you increase the demand for all manufactures, by lessening the cost of production, and you materially benefit the landed interest by finding employment for the surplus population, and increasing the demand for agricultural as well as other produce.

What is the cause of thousands of men being at this moment out of employment, and on the poor's rate, in various parts of Wiltshire and Gloucestershire? The manufacturers there have been unable to employ the number of hands they formerly used, and they consequently are thrown on the poor-rate, and become a burden to the farmer. Enable these manufactures to revive, and what would be the consequence? Not only that the burden on

the poor-rate would be lessened, but that there would be an increased demand for all agricultural produce.

I trust I have now proved, that it would be a direct and great advantage, if the taxes on raw materials and manufactures were in part repealed. Let us now see how the deficit their repeal would occasion to the revenue could be supplied.

First, then, let us see how far it could be supplied by reductions in the public expenditure. At the present moment every possible reduction, consistent with the welfare of the state, ought to be effected. On the one hand, I hope we shall see no reductions inconsistent with the faith, the honour, and security of the realm; but, on the other, I trust that every item of the public expenditure will be closely sifted, and minutely examined. There must be no tampering with corruption! The Ministers must, with unsparing hand, abolish all useless places, and redeem the noble pledge they have given, to govern, not by patronage, but by principle!

The people of England will not object to any expenses to maintain the due splendour of the crown, or the honour and safety of the realm. "Every thing for honour; every thing that the safety of the constitution and the empire may require; but not a farthing for corruption!" Let that be the rallying cry of the advocates for retrenchment.

In the army and navy no reductions can, with reason, be required. At a moment like this, when all Europe is in arms; when, from the farthest borders of Poland, to the extremities of the Spanish Peninsula, the war-shout has gone forth; when not merely monarchs are at enmity, but nations are in arms! is that a moment to talk of reducing our forces? When we reflect, to use the emphatic language of Mr. Canning, how many evils are contained in that little word “war”—when we consider the evils that have resulted to Europe from unjust wars—it must be allowed that war should always be the last resource of a nation. But I would tell these sticklers for reductions, that the surest way to preserve peace is, by showing that we are ready for war!

With the great and good Lord Falkland, I would say: “Peace! Peace! Peace!” The life-blood and treasure of Britain must not be squandered in idle, silly, continental disputes. But let a just cause arise—let the honour of the country be insulted—let the security of her shores be menaced—let, by direct or indirect means, Belgium be made subservient to the ambitious views of any power, and the nation will, as one man, support whatever measures Ministers propose.

But every useless public office ought to be abolished with unsparing hand; and though it might not be equitable to take the pensions away

from those who received them, on the implied understanding that they were to retain them for life, I trust the circumstance will be a warning to future governments, and induce them not to entail such an expense on the nation.

In the management of the debt, Sir H. Parnell has fully proved that 270,000*l.* might be saved ; in the attempts, the useless attempts to prevent the Slave Trade, 350,000*l.* Why are we to go on squandering money for this purpose, whilst the trade is increasing, in spite of us ?

In the management of the expenditure and the civil government ; by an improved mode of collecting taxes, which is now done at an enormous and unreasonable per centage, very great reductions are possible.

But I conceive that an income tax of two per cent. would of itself nearly be sufficient to make up the deficit. My only objection to this tax is, the fear it should stand in the way of retrenchment. Square down, I would say to the Ministers, the public expenses to the uttermost farthing ; maintain, indeed, the safety of the state, but beyond that sift every expenditure with the most rigid impartiality. Placemen, sinecurists, and all who receive *public money for no public services*, must be heard of no more. The time is gone by for these shameful appendages of the Constitution ! But if, after these retrenchments, there

still exists, as there probably would, a deficit, meet it by an income tax of two per cent., which would, in all probability, produce three millions annually.

I doubt whether an income tax to so small an amount would be likely to drive capital out of the country ; at all events, I do not think that the trifling amount it would drive out, would be at all equal to the accumulation of capital to be expected from the remission of the duties I have named.

Such are, then, the opinions I have to offer on the present financial state of the Empire. Repeal the taxes on raw materials and manufactures ; remove those dead weights that now cloy the springs of national industry ; and you will give circulation to capital, employment to labour, and augment to a great extent the wealth of the kingdom. Thus will this great nation, in peace, still maintain her ascendancy in every art and manufacture, whilst at the same time, by the accumulation of capital, she lays the sure foundation of victory in war ! Thus may the people of this realm be once more employed in various trades, and prosperity and quiet bless the land !

To effect this, I ask for no breach of national faith—no surrender of national honour—no abatement of national safety. No ! Rather than the faith of England should be impeached—than her

honour should be sullied, or than her safety should be endangered, there lives not a Briton who would wish to see a single impost remitted.

But it is because I wish to preserve the honour of the country, and to see Britain still maintain her proud station amongst the nations of the earth, that I respectfully offer these suggestions to the public. I would make her flourishing in peace, and formidable in war, by calling into action the enterprise of her capitalists, and the labour of her people. I would not abate taxes that only press on individuals; but I would repeal those which weigh directly on the interests of the poor, and are pregnant with evil to the community. In spite of her difficulties and embarrassments, the moral power of the British nation still remains. The sources of her greatness still exist, obstructed, indeed, by temporary evils, but which merely require a prudent and firm government to open them afresh.

Let, then, Ministers take their stand on the broad ground of the public weal. We have too long had Tory ministers, and Whig ministers; it is time now all party distinctions were dropped in common zeal for the country.

The plan I propose is not theoretical, nor speculative; it rests on the plain statement, that there is a pressure of six millions of taxation on the productive industry of the country. Repeal a pro-

portion of this; trust to the free enterprise and labour of Englishmen; and at no distant day, the country will surmount her present difficulties; the clouds that now obscure the horizon will be dispelled, and the sunshine of prosperity again cheer the shores of Britain.

#### NOTE.

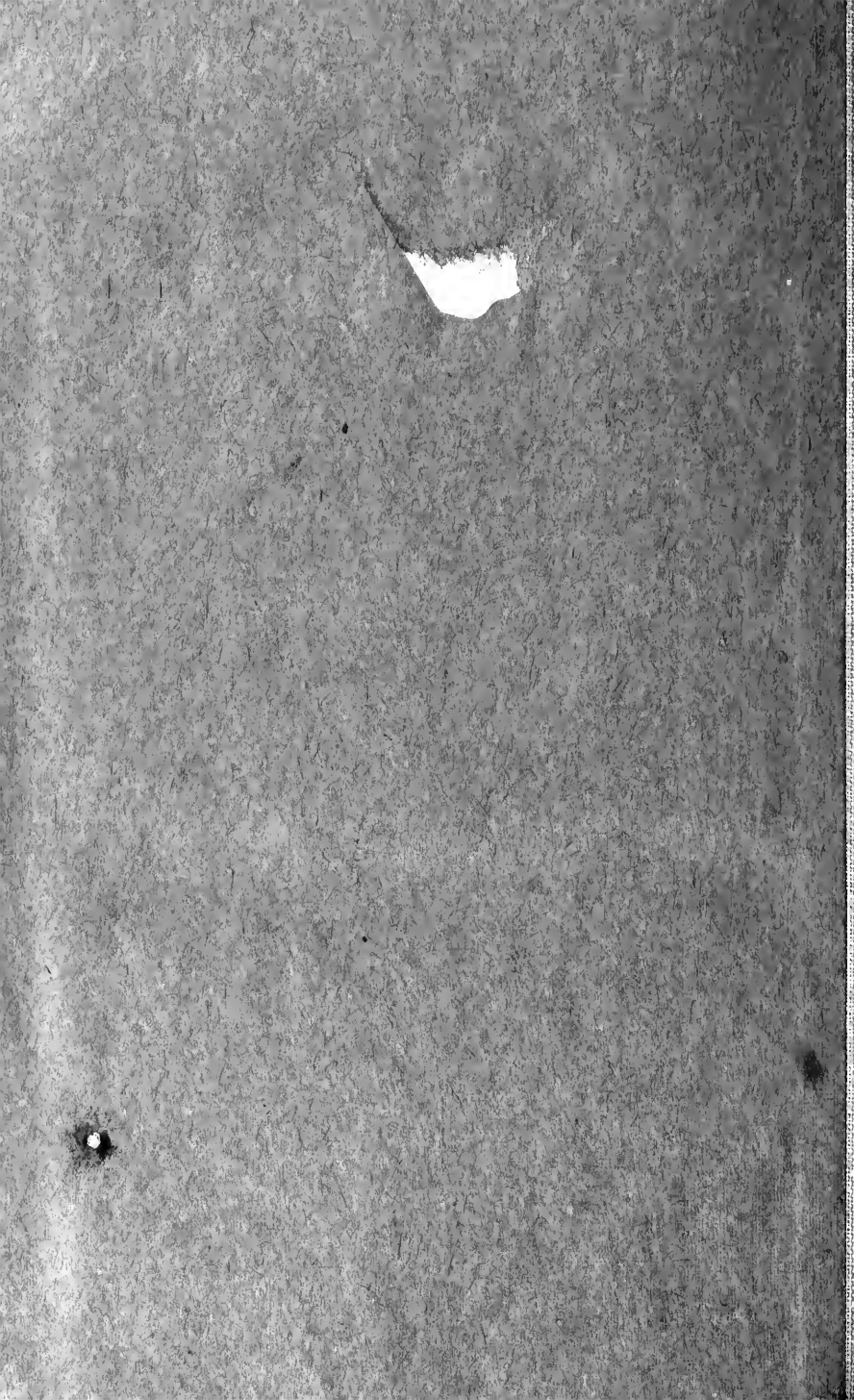
In recommending a reduction of the expense at present incurred for the suppression of the slave trade, I am anxious to guard against being misunderstood. No expense would be too great if that infamous trade were really suppressed by it; but at present an expense of near 400,000*l.* per annum is incurred, and without any advantage. "The slave trade," says the last Report of the African Institution, "has increased during the last year; and, notwithstanding the number of prizes taken, it continues to rage with unabated fury." Let us either take efficient measures to stop it, or no longer incur a useless expense.

#### FINIS.













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